



Limits put on new payday lenders

Council OKs rules sought by general

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The Oceanside City Council last night approved restrictions on new payday-loan businesses in an effort to help protect young Marines from being saddled with exorbitant interest rates.

The move reflects a national effort to regulate such businesses, which often set up near military bases, such as Camp Pendleton, and prey upon young service members who need money between paychecks. They typically lend money – often ranging from \$100 to \$500 – for a short amount of time.

In January, Maj. Gen. Michael Lehnert, the commanding general for Marine Corps installations west of the Mississippi, asked the council for help in protecting young and often unsophisticated enlistees from the high interest rates.

The regulations the council unanimously approved last night place new lending companies in the same category as adult businesses and massage parlors, requiring them to obtain conditional-use permits before opening. They also will have to be located away from churches, parks and schools.

Despite the unanimous vote, two council members expressed concerns with the changes to the city's zoning laws. Councilmen Jerome Kern and Jack Feller said the changes probably give an advantage to existing lenders, who will not be affected.

Kern also said young Marines have not received enough instruction on borrowing from the payday-loan businesses. "We're kind of closing the barn door after the horse is out," he said.

Councilman Rocky Chavez disagreed. "The Marines are being counseled quite a bit," he said.

After the vote, Sgt. Maj. Jeffrey Dixon said, “We give classes, but unfortunately so many times they don't want to tell us.”

At least 21 payday lenders operate in Oceanside, according to a city staff report. Countywide, the city ranks second only to San Diego in the number of such establishments. San Diego has no laws regulating the businesses.

Congress approved a law, which takes effect Oct. 1, limiting the interest rates that can be charged to service members to 36 percent annually. The rates at payday lenders often go as high as 400 percent annually, but the loans are typically short-term.

After hearing from Lehnert in January, the council asked city staff members to look into ways to regulate the businesses. In July, the city's Planning Commission unanimously recommended the changes to zoning laws.

Marine Sgt. Maj. Barbara Titus said last night that the issue also should be addressed at the state level.